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Steve Eisman is leaving FrontPoint Partners.

Steve Eisman — the colorful hedge fund manager who made a fortune betting against the subprime mortgage market — is leaving FrontPoint Partners, according to people familiar with the matter.

His departure is another blow for the hedge fund firm, which came under pressure late last year amid an insider trading scandal. The controversy prompted investors to pull billions of dollars from FrontPoint, a loss of capital that culminated in the firm deciding to shutter most of its funds last month.

Rumors of Mr. Eisman's pending departure began circulating earlier this year. A source close to Mr. Eisman said he was disappointed that his fund suffered heavy redemption requests as a result of the scandal, despite the fact his funds were completely unrelated. Two of Mr. Eisman's three funds at FrontPoint had suffered nearly a half billion dollars in redemption requests at the time.

While the firm has never been accused of wrongdoing, a former FrontPoint portfolio manager, Joseph Skowron, was charged by federal authorities in April. Mr. Skowron is accused of paying for inside tips about a clinical drug trial, information that saved his fund \$30 million in losses.

AR Magazine previously reported news of Mr. Eisman's departure.

Mr. Eisman is the most high-profile manager at FrontPoint, thanks in large part to a prominent role he played in "The Big Short," Michael Lewis' bestselling book about the financial crisis.

It's unclear what Mr. Eisman will do next. But a source close to the money manager says he eventually plans to launch a new fund.

FrontPoint has been devastated by the insider trading mess. Last month, the firm said it planned to shutter its flagship fund, which accounted for the bulk of the firm's assets. It will retain four strategies: the Quant Macro Fund, Strategic Credit Fund, Rockbay Fund and a **Direct Lending Fund**.